

LAM RESEARCH CORP  
Form DEF 14A  
September 28, 2017  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**SCHEDULE 14A**  
**(Rule 14a-101)**  
**INFORMATION REQUIRED IN PROXY STATEMENT**  
**SCHEDULE 14A INFORMATION**  
**Proxy Statement Pursuant to Section 14(a) of**  
**the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**LAM RESEARCH CORPORATION**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

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Table of Contents

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September 28, 2017

Dear Lam Research Stockholders,

We cordially invite you to attend, in person or by proxy, the Lam Research Corporation 2017 Annual Meeting of Stockholders. The annual meeting will be held on Wednesday, November 8, 2017, at 9:30 a.m. Pacific Standard Time in the Building CA1 Auditorium at the principal executive offices of Lam Research Corporation, which is located at 4650 Cushing Parkway, Fremont, California 94538.

At this year's annual meeting, stockholders will be asked to elect the ten nominees named in the attached proxy statement as directors to serve until the next annual meeting of stockholders, and until their respective successors are elected and qualified; to cast an advisory vote to approve our named executive officer compensation, or **Say on Pay**; to cast an advisory vote to approve the frequency of holding future stockholder advisory votes on our named executive officer compensation, or **Say on Frequency**; to ratify the appointment of the independent registered public accounting firm for fiscal year 2018; and to consider, if properly presented at the annual meeting, a stockholder proposal described in the accompanying proxy statement. The board of directors recommends that you vote in favor of each director nominee, **Say on Pay**, annual **Say on Frequency**, and the ratification of the appointment of the independent registered public accounting firm; and that you vote against the stockholder proposal, if properly presented at the annual meeting. Management will not provide a business update during this meeting; please refer to our latest quarterly earnings report for our current outlook.

Please refer to the proxy statement for detailed information about the annual meeting and each of the proposals, as well as voting instructions. **Your vote is important, and we strongly urge you to cast your vote by the internet, telephone, or mail even if you plan to attend the meeting in person.**

Sincerely yours,

Lam Research Corporation

Stephen G. Newberry

*Chairman of the Board*

**Table of Contents**

Notice of 2017 Annual Meeting  
of Stockholders

4650 Cushing Parkway

Fremont, California 94538

Telephone: 510-572-0200

**Date and Time**      Wednesday, November 8, 2017  
9:30 a.m. Pacific Standard Time

**Place**                Lam Research Corporation  
Building CA1 Auditorium  
4650 Cushing Parkway  
Fremont, California 94538

**Items of Business**

1. Election of ten directors to serve until the next annual meeting of stockholders, and until their respective successors are elected and qualified
2. Advisory vote to approve our named executive officer compensation, or Say on Pay
3. Advisory vote to approve the frequency of holding future stockholder advisory votes on our named executive officer compensation, or Say on Frequency
4. Ratification of the appointment of independent registered public accounting firm for fiscal year 2018
5. Stockholder proposal, if properly presented at the annual meeting
6. Transact such other business that may properly come before the annual meeting (including any adjournment or postponement thereof)

**Record Date**

Only stockholders of record at the close of business on September 11, 2017, the Record Date, are entitled to notice of and to vote at the annual meeting.

**Voting**

Please vote as soon as possible, even if you plan to attend the annual meeting in person. You have three options for submitting your vote before the annual meeting: by the internet, telephone, or mail. The proxy statement and the accompanying proxy card provide detailed voting instructions.

**Internet Availability of Proxy Materials**

Our Notice of 2017 Annual Meeting of Stockholders, Proxy Statement, and Annual Report to Stockholders are available on the Lam Research website at <http://investor.lamresearch.com> and at [www.proxyvote.com](http://www.proxyvote.com).

By Order of the Board of Directors

Sarah A. O Dowd

*Secretary*

**This proxy statement is first being made available and/or mailed to our stockholders on or about September 28, 2017.**

**Table of Contents**

## LAM RESEARCH CORPORATION

## Proxy Statement for 2017 Annual Meeting of Stockholders

## TABLE OF CONTENTS

<u>Proxy Statement Summary</u>	1
<u>Figure 1. Proposals and Voting Recommendations</u>	1
<u>Figure 2. Summary Information Regarding Director Nominees</u>	1
<u>Figure 3. Corporate Governance Highlights</u>	2
<u>Figure 4. Executive Compensation Highlights</u>	3
<u>Stock Ownership</u>	4
<u>Security Ownership of Certain Beneficial Owners and Management</u>	4
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	6
<u>Governance Matters</u>	7
<u>Corporate Governance</u>	7
<u>Corporate Governance Policies</u>	7
<u>Board Nomination Policies and Procedures</u>	7
<u>Director Independence Policies</u>	9
<u>Leadership Structure of the Board</u>	9
<u>Other Governance Practices</u>	9
<u>Meeting Attendance</u>	10
<u>Board Committees</u>	10
<u>Board's Role and Engagement</u>	11
<u>Director Compensation</u>	12
<u>Compensation Matters</u>	15
<u>Executive Compensation and Other Information</u>	15
<u>Compensation Discussion and Analysis</u>	15
<u>I. Overview of Executive Compensation</u>	15
<u>II. Executive Compensation Governance and Procedures</u>	19
<u>III. Primary Components of Named Executive Officer Compensation; Calendar Year 2016</u>	
<u>Compensation Payouts; Calendar Year 2017 Compensation Targets and Metrics</u>	21
<u>IV. Tax and Accounting Considerations</u>	28
<u>Compensation Committee Report</u>	29
<u>Compensation Committee Interlocks and Insider Participation</u>	29
<u>Executive Compensation Tables</u>	30
<u>Securities Authorized for Issuance under Equity Compensation Plans</u>	39
<u>Audit Matters</u>	40
<u>Audit Committee Report</u>	40
<u>Relationship with Independent Registered Public Accounting Firm</u>	40
<u>Annual Evaluation and Selection of Independent Registered Public Accounting Firm</u>	40
<u>Fees Billed by Ernst &amp; Young LLP</u>	41
<u>Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services</u>	42

<u>Certain Relationships and Related Party Transactions</u>	42
<u>Voting Proposals</u>	43
<b><u>Proposal No. 1: Election of Directors</u></b>	43
<u>2017 Nominees for Director</u>	44
<b><u>Proposal No. 2: Advisory Vote to Approve Our Named Executive Officer Compensation, or Say on Pay</u></b>	52
<b><u>Proposal No. 3: Advisory Vote to Approve the Frequency of Holding Future Stockholder Advisory Votes on Our Named Executive Officer Compensation, or Say on Frequency</u></b>	53
<b><u>Proposal No. 4: Ratification of the Appointment of the Independent Registered Public Accounting Firm for Fiscal Year 2018</u></b>	53
<b><u>Proposal No. 5: Stockholder Proposal, If Properly Presented at the Annual Meeting, Regarding Annual Disclosure of EEO-1 Data</u></b>	54
<b><u>Other Voting Matters</u></b>	56
<u>Voting and Meeting Information</u>	57
<u>Information Concerning Solicitation and Voting</u>	57
<u>Other Meeting Information</u>	58

**Table of Contents**

## Proxy Statement Summary

To assist you in reviewing the proposals to be acted upon at the annual meeting we call your attention to the following information about the proposals and voting recommendations, the Company's director nominees and highlights of the Company's corporate governance, and executive compensation. The following description is only a summary. For more complete information about these topics, please review the complete proxy statement.

We use the terms Lam Research, Lam, the Company, we, our, and us in this proxy statement to refer to Lam Corporation, a Delaware corporation. We also use the term Board to refer to the Company's Board of Directors.

**Figure 1. Proposals and Voting Recommendations**

		Board Vote
Voting Matters		Recommendation
Proposal 1	Election of Ten Nominees Named Herein as Directors	FOR each nominee
Proposal 2	Advisory Vote to Approve Our Named Executive Officer Compensation, or Say on Pay	FOR
Proposal 3	Advisory Vote to Approve the Frequency of Holding Future Advisory Votes on Our Named Executive Officer Compensation, or Say on Frequency	ONE YEAR
Proposal 4	Ratification of the Appointment of the Independent Registered Public Accounting Firm for Fiscal Year 2018	FOR
Proposal 5	Stockholder Proposal, If Properly Presented at the Annual Meeting, Regarding Annual Disclosure of EEO-1 Data	AGAINST

**Figure 2. Summary Information Regarding Director Nominees**

You are being asked to vote on the election of the ten director nominees listed in the table below. The following table provides summary information about each director nominee as of September 11, 2017, and their biographical information is contained in the *Voting Proposals Proposal No. 1: Election of Directors 2017 Nominees for Director* section below.

Name	Age	Since	Director Independent <sup>(1)</sup>	Committee Membership			Other Current Public Boards
				AC	CC	NGC	
Martin B. Anstice	50	2012	No	*			
Eric K. Brandt	55	2010	Yes	C/FE			Altaba (formerly Yahoo!),
Michael R. Cannon	64	2011	Yes	M/FE		M	Dentsply Sirona Seagate Technology,



								Dialog Semiconductor
Youssef A. El-Mansy	72	2012	Yes				M	
Christine A. Heckart	51	2011	Yes				M	
Young Bum (YB) Koh	59	2017	Yes					
Catherine P. Lego	60	2006	Yes		*	C	M	Cypress Semiconductor,
								IPG Photonics
Stephen G. Newberry	63	2005	No				*	Splunk
Abhijit Y. Talwalkar	53	2011	Yes		*	M	C	Advanced Micro Devices,
								(Lead Independent Director)
								TE Connectivity,
								iRhythm Technologies
Lih Shyng (Rick L.) Tsai	66	2016	Yes					MediaTek,
								USI Corporation

(1) Independence determined based on Nasdaq rules.

**AC** Audit committee

**CC** Compensation committee

**NGC** Nominating and governance committee

**C** Chairperson

**M** Member

**FE** Audit committee financial expert (as determined based on SEC rules)

\* Qualifies as an audit committee financial expert (as determined based on SEC rules)

*Continues on next page* <sup>u</sup>

**Table of Contents****Figure 3. Corporate Governance Highlights**

<b>Board and Other Governance Information</b>	<b>As of September 11, 2017</b>
Size of Board as Nominated	10
Average Age of Director Nominees	59.3
Average Tenure of Director Nominees	6.27
Number of Independent Nominated Directors	8
Number of Nominated Directors Who Attended 375% of Meetings	9 <sup>(1)</sup>
Number of Nominated Directors on More Than Four Public Company Boards	0
Number of Nominated Non-Employee Directors Who Are Sitting Executives on More Than Three Public Company Boards	0
Directors Subject to Stock Ownership Guidelines	Yes
Annual Election of Directors	Yes
Voting Standard	Majority
Plurality Voting Carveout for Contested Elections	Yes
Separate Chairman and Chief Executive Officer ( CEO )	Yes
Lead Independent Director	Yes
Independent Directors Meet Without Management Present	Yes
Annual Board (Including Individual Director) and Committee Self-Evaluations	Yes
Annual Independent Director Evaluation of CEO	Yes
Risk Oversight by Full Board and Committees	Yes
Commitment to Board Refreshment and Diversity	Yes
Robust Director Nomination Process	Yes
Significant Board Engagement	Yes
Board Orientation/Education Program	Yes
Code of Ethics Applicable to Directors	Yes
Stockholder Proxy Access	Yes
Stockholder Ability to Act by Written Consent	Yes
Poison Pill	No
Publication of Corporate Social Responsibility Report on Our Website	Yes

<sup>(1)</sup> For additional information regarding meeting attendance, see *Governance Matters* *Corporate Governance Meeting Attendance*.

**Table of Contents****Figure 4. Executive Compensation Highlights****What We Do**

**Pay for Performance** (Pages 15-18, 21-27) Our executive compensation program is designed to pay for performance with 100% of the annual incentive program tied to company financial, strategic, and operational performance metrics; 50% of the long-term incentive program tied to relative total shareholder return, or TSR, performance; and 50% of the long-term incentive program awarded in stock options and service-based restricted stock units, or RSUs.

**Three-Year Performance Period for Our 2017 Long-Term Incentive Program** (Pages 24-27) Our current long-term incentive program is designed to pay for performance over a period of three years.

**Absolute and Relative Performance Metrics** (Pages 21-27) Our annual and long-term incentive programs for executive officers include the use of absolute and relative performance factors.

**Balance of Annual and Long-Term Incentives** Our incentive programs provide a balance of annual and long-term incentives.

**Different Performance Metrics for Annual and Long-Term Incentive Programs** (Pages 21-27) Our annual and long-term incentive programs use different performance metrics.

**Capped Amounts** (Pages 21-27) Amounts that can be earned under the annual and long-term incentive programs are capped.

**Compensation Recovery/Clawback Policy** (Page 18) We have a policy pursuant to which we can recover the excess amount of cash incentive-based compensation granted and paid to our officers who are covered by section 16 of the Exchange Act.

**Prohibit Option Repricing** Our stock incentive plans prohibit option repricing without stockholder approval.

**Hedging and Pledging Policy** (Page 7) We have a policy applicable to our executive officers and directors that prohibits pledging and hedging.

**Stock Ownership Guidelines** (Page 18) We have stock ownership guidelines for each of our executive vice presidents and certain other senior executives; each of our named executive officers as set forth in Figure 10 has met his or her individual ownership level under the current program or has a period of time remaining under the guidelines to do so.

**Independent Compensation Advisor** (Page 19) The compensation committee benefits from its utilization of an independent compensation advisor retained directly by the committee that provides no other services to the Company.

**Stockholder Engagement** We engage with stockholders on an annual basis and stockholder advisory firms on an as needed basis to obtain feedback concerning our compensation program.

**What We Don't Do**

**Tax Gross-Ups for Perquisites, for Other Benefits, or upon a Change in Control** (Pages 28-31, 34-36) Our executive officers do not receive tax gross-ups for perquisites, for other benefits, or upon a change in control.<sup>(1)</sup>

**Single-Trigger Change in Control Provisions** (Pages 27, 34-36) None of our executive officers has single-trigger change in control agreements.

(1) Our executive officers may receive tax gross-ups in connection with relocation benefits that are widely available to all of our employees.

*Continues on next page* <sup>u</sup>



**Table of Contents**

## Stock Ownership

## Security Ownership of Certain Beneficial Owners and Management

The table below sets forth the beneficial ownership of shares of Lam common stock by: (1) each person or entity who we believe based on our review of filings made with the United States Securities and Exchange Commission, or the SEC, beneficially owned as of September 11, 2017, more than 5% of Lam's common stock on the date set forth below; (2) each current director of the Company; (3) each NEO identified below in the *Compensation Matters - Executive Compensation and Other Information - Compensation Discussion and Analysis* section; and (4) all current directors and current executive officers as a group. With the exception

of 5% owners, and unless otherwise noted, the information below reflects holdings as of September 11, 2017, which is the Record Date for the 2017 annual meeting and the most recent practicable date for determining ownership. For 5% owners, holdings are as of the dates of their most recent ownership reports filed with the SEC, which are the most practicable dates for determining their holdings. The percentage of the class owned is calculated using 162,496,503 as the number of shares of Lam common stock outstanding on September 11, 2017.

**Figure 5. Beneficial Ownership Table**

Name of Person or Identity of Group	Shares Beneficially Owned (#) <sup>(1)</sup>	Percentage of Class
<b>5% Stockholders</b>		
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, PA 19355	16,162,079 <sup>(2)</sup>	9.9%
BlackRock Inc. 55 East 52nd Street New York, NY 10055	12,619,092 <sup>(3)</sup>	7.8%
FMR LLC 245 Summer Street Boston, MA 02210	11,171,305 <sup>(4)</sup>	6.9%
Ameriprise Financial, Inc. 145 Ameriprise Financial Center Minneapolis, MN 55474	9,652,830 <sup>(5)</sup>	5.9%

<b><i>Directors</i></b>		
Martin B. Anstice (also a Named Executive Officer)	145,155	*
Eric K. Brandt	28,480	*
Michael R. Cannon	22,780	*
Youssef A. El-Mansy	22,050	*
Christine A. Heckart	15,280	*
Young Bum (YB) Koh	1,000	*
Catherine P. Lego	48,288	*
Stephen G. Newberry	11,930	*
Abhijit Y. Talwalkar	23,380	*
Lih Shyng (Rick L.) Tsai	2,560	*
<b><i>Named Executive Officers ( NEOs )</i></b>		
Timothy M. Archer	96,037	*
Douglas R. Bettinger	52,894	*
Richard A. Gottscho	20,956	*
Sarah A. O Dowd	72,192	*
All current directors and executive officers as a group (18 people)	659,814	*

\* Less than 1%

**Table of Contents**

- (1) Includes shares subject to outstanding stock options that are now exercisable or will become exercisable within 60 days after September 11, 2017, as well as restricted stock units, or RSUs, that will vest within that time period, as follows:

	Shares
Martin B. Anstice	82,397
Eric K. Brandt	2,050
Michael R. Cannon	2,050
Youssef A. El-Mansy	2,050
Christine A. Heckart	2,050
Young Bum (YB) Koh	1,000
Catherine P. Lego	2,050
Stephen G. Newberry	2,050
Abhijit Y. Talwalkar	2,050
Lih Shyng (Rick L.) Tsai	2,050
Timothy M. Archer	46,334
Douglas R. Bettinger	31,059
Richard A. Gottscho	
Sarah A. O Dowd	40,712
All current directors and executive officers as a group (18 people)	217,952

The terms of any outstanding stock options that are now exercisable are reflected in *Figure 31. FYE2017 Outstanding Equity Awards*.

As discussed in *Governance Matters Director Compensation* below, the non-employee directors receive an annual equity grant as part of their compensation. These grants generally vest on October 31, 2017, subject to continued service on the board as of that date, with immediate delivery of the shares upon vesting. For 2017, Drs. El-Mansy and Tsai; Messrs. Brandt, Cannon, Newberry and Talwalkar; and Mses. Heckart and Lego each received grants of 2,050 RSUs. These RSUs are included in the tables above. As of November 11, 2016, Dr. Koh had not yet been appointed to the board of the Company. In accordance with the Company's non-employee director compensation program, Dr. Koh received a pro-rated equity award of 1,000 RSUs (or 75% of the \$200,000 targeted grant date value, with the number of RSUs determined in the same manner as an annual equity award) on May 12, 2017, the first Friday following his first attended board meeting.

- (2) All information regarding The Vanguard Group, Inc., or Vanguard, is based solely on information disclosed in amendment number five to Schedule 13G filed by Vanguard with the SEC on July 10, 2017. According to the Schedule 13G filing, of the 16,162,079 shares of Lam common stock reported as beneficially owned by Vanguard as of June 30, 2017, Vanguard had sole voting power with respect to 245,279 shares, had shared voting power with respect to 32,331 shares, had sole dispositive power with respect to 15,887,595 shares and shared dispositive power with respect to 274,484 shares of Lam common stock reported as beneficially owned by Vanguard as of that date. The 16,162,079 shares of Lam common stock reported as beneficially owned by Vanguard include 198,150 shares beneficially owned by Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of Vanguard, as a result of it serving as investment manager of collective trust accounts, and 122,780 shares beneficially owned by Vanguard Investments Australia, Ltd., a wholly owned subsidiary of Vanguard, as a result of it serving as investment manager of Australian investment offerings.

- (3) All information regarding BlackRock Inc., or BlackRock, is based solely on information disclosed in amendment number nine to Schedule 13G filed by BlackRock with the SEC on January 25, 2017 on behalf of BlackRock and its subsidiaries: BlackRock (Luxembourg) S.A.; BlackRock (Netherlands) B.V.; BlackRock (Singapore) Limited; BlackRock Advisors (UK) Limited; BlackRock Advisors, LLC; BlackRock Asset Management Canada Limited; BlackRock Asset Management Deutschland AG; BlackRock Asset Management Ireland Limited; BlackRock Asset Management North Asia Limited; BlackRock Asset Management Schweiz AG; BlackRock Capital Management; BlackRock Financial Management, Inc.; BlackRock Fund Advisors; BlackRock Fund Managers Ltd; BlackRock Institutional Trust Company, N.A.; BlackRock International Limited; BlackRock Investment Management (Australia) Limited; BlackRock Investment Management (UK) Ltd; BlackRock Investment Management, LLC; BlackRock Japan Co Ltd; and BlackRock Life Limited. According to the Schedule 13G filing, of the 12,619,092 shares of Lam common stock reported as beneficially owned by BlackRock as of December 31, 2016, BlackRock had sole voting power with respect to 11,047,990 shares, did not have shared voting power with respect to any shares, had sole dispositive power with respect to 12,619,092 shares and did not have shared dispositive power with respect to any shares of Lam common stock reported as beneficially owned by BlackRock as of that date.
- (4) All information regarding FMR, LLC, or FMR, is based solely on information disclosed in a Schedule 13G filed by FMR with the SEC on February 14, 2017 on behalf of FMR and the following subsidiaries: Crosby Advisors LLC; FIAM LLC; Fidelity Institutional Asset Management Trust Company; Fidelity Management & Research (Hong Kong) Limited; Fidelity Management Trust Company; Fidelity Selectco, LLC; FMR Co., Inc.; and Strategic Advisers, Inc. According to the Schedule 13G filing, of the 11,171,305 shares of Lam common stock reported as beneficially owned by FMR as of December 31, 2016, FMR had sole voting power with respect to 1,068,792 shares, did not have shared voting power with respect to any shares, had sole dispositive power with respect to 11,171,305 shares and did not have shared dispositive power with respect to any shares of Lam common stock reported as beneficially owned by FMR as of that date.
- (5) All information regarding Ameriprise Financial, Inc., or Ameriprise, is based solely on information disclosed in amendment number four to Schedule 13G filed by Ameriprise with the SEC on February 10, 2017. According to the Schedule 13G filing, of the 9,652,830 shares of Lam common stock reported as beneficially owned by Ameriprise as of December 31, 2016, Ameriprise did not have sole voting power with respect to any shares, had shared voting power with respect to 9,557,231 shares, did not have sole dispositive power with respect to any shares and

*Continues on next page* <sup>u</sup>



**Table of Contents**

shared dispositive power with respect to 9,652,830 shares of Lam common stock reported as beneficially owned by Ameriprise as of that date. According to the Schedule 13G filing, Ameriprise, as the parent company of Columbia Management Investment Advisers, LLC, or Columbia, may be deemed to have, but disclaims, beneficial ownership of the shares reported by Columbia in the Schedule 13G filing.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our executive officers, directors, and people who own more than 10% of a registered class of our equity securities to file an initial report of ownership (on a Form 3) and reports on subsequent changes in ownership (on Forms 4 or 5) with the SEC by specified due dates. Our executive officers, directors, and greater-than-10% stockholders are also required by SEC rules

to furnish us with copies of all section 16(a) forms they file. We are required to disclose in this proxy statement any failure to file any of these reports on a timely basis. Based solely on our review of the copies of the forms that we received from the filers, and on written representations from certain reporting persons, we believe that all of these requirements were satisfied during fiscal year 2017.

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**Table of Contents**

## Governance Matters

## Corporate Governance

Our Board and members of management are committed to responsible corporate governance to manage the Company for the long-term benefit of its stockholders. To that end, the Board and management periodically review and update, as appropriate, the Company's corporate governance policies and practices. As part of that process, the Board and management consider the requirements of federal and state law, including rules and regulations of the SEC; the listing standards for the Nasdaq Global Select Market, or Nasdaq; published guidelines and recommendations of proxy advisory firms; published guidelines of some of our top stockholders; published guidelines of other selected public companies; and any feedback we receive from our stockholders. A list of key corporate governance practices is provided in the *Proxy Statement Summary* above.

**Corporate Governance Policies**

We have instituted a variety of policies and procedures to foster and maintain responsible corporate governance, including the following:

*Board committee charters.* Each of the Board's audit, compensation, and nominating and governance committees has a written charter adopted by the Board that establishes practices and procedures for the committee in accordance with applicable corporate governance rules and regulations. Each committee reviews its charter annually and recommends changes to the Board, as appropriate. Each committee charter is available on the Investors section of our website at <http://investor.lamresearch.com/corporate-governance.cfm>. The content on any website referred to in this proxy statement is not a part of or incorporated by reference in this proxy statement unless expressly noted. Also see *Board Committees* below for additional information regarding these committees.

*Corporate governance guidelines.* We adhere to written corporate governance guidelines, adopted by the Board and reviewed annually by the nominating and governance committee and the Board. Selected provisions of the guidelines are discussed below, including in the *Board Nomination Policies and Procedures*, *Director Independence Policies*, and *Other Governance Practices* sections below. The corporate governance guidelines are available on the Investors section of our website at <http://investor.lamresearch.com/corporate-governance.cfm>.

*Corporate code of ethics.* We maintain a code of ethics that applies to all employees, officers, and members of the Board.

The code of ethics establishes standards reasonably necessary to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, and full, fair, accurate, timely, and understandable disclosure in the periodic reports we file with the SEC and in other public communications. We will promptly disclose to the public any amendments to, or waivers from, any provision of the code of ethics to the extent required by applicable laws. We intend to make this public disclosure by posting the relevant material on our website, to the extent permitted by applicable laws. A copy of the code of ethics is available

on the Investors section of our website at <http://investor.lamresearch.com/corporate-governance.cfm>.

*Global standards of business conduct policy.* We maintain written standards of appropriate conduct in a variety of business situations that apply to our worldwide workforce. Among other things, these global standards of business conduct address relationships with one another, relationships with Lam (including conflicts of interest, safeguarding of Company assets, and protection of confidential information), and relationships with other companies and stakeholders (including anti-corruption).

*Insider trading policy.* Our insider trading policy restricts the trading of Company stock by our directors, officers, and employees, and includes provisions addressing insider blackout periods and prohibiting hedges and pledges of Company stock.

### **Board Nomination Policies and Procedures**

*Board membership criteria.* Under our corporate governance guidelines, the nominating and governance committee is responsible for assessing the appropriate balance of experience, skills, and characteristics required for the Board and for recommending director nominees to the independent directors.

The guidelines direct the committee to consider all factors it considers appropriate. The committee need not consider all of the same factors for every candidate. Factors to be considered may include but are not limited to: experience; business acumen; wisdom; integrity; judgment; the ability to make independent analytical inquiries; the ability to understand the Company's business environment; the candidate's willingness and ability to devote adequate time to board duties; specific skills, background, or experience considered necessary or desirable for board or committee service; specific experiences with other businesses or

*Continues on next page* <sup>u</sup>

**Table of Contents**

organizations that may be relevant to the Company or its industry; diversity with respect to any attribute(s) the Board considers appropriate, including geographic, gender, age, and ethnic diversity; and the interplay of a candidate's experiences and skills with those of other Board members.

The specific skills, background, and experiences that are evaluated in connection with board service include (but are not limited to or required):

*Industry knowledge:* knowledge of and experience with our industry and markets, including an understanding of our customers' markets and needs;

*Technology knowledge:* knowledge and understanding of semiconductor and semiconductor wafer front end technologies;

*Marketing experience:* extensive knowledge and experience in business-to-business marketing and sales, and/or business development, preferably in a capital equipment industry;

*Business and operations leadership experience:* experience as a current or former CEO, president and/or COO;

*Finance experience:* profit and loss ( P&L ) and financing experience as an executive responsible for financial results of a breadth and level of complexity comparable to the Company;

*International business experience:* experience as a current or former business executive resident outside the United States and responsible for at least one business unit outside the United States;

*Mergers and acquisitions experience ( M&A ):* M&A and integration experience (including buy- and sell-side and hostile M&A experience) as a public company director or officer;

*Board/governance experience:* experience with corporate governance requirements and practices

*Public relations/investor relations/public policy experience*

*Cybersecurity expertise:* understanding of and experience in overseeing corporate cybersecurity programs and having a history of participation in relevant cyber education

The Board and the nominating and governance committee regard board refreshment as important, and strive to maintain an appropriate balance of tenure, turnover, diversity, and skills on the Board.

For many years, the composition of the Board has reflected the Board's commitment to diversity. For example, the Board has had at least two female directors since 2006, and over the last 10 years has expanded the experiences and areas of substantive expertise of the directors, as illustrated by the information provided in their biographies under *Voting Proposals Proposal No. 1: Election of Directors 2017 Nominees for Director* below. Most recently, the Board has increased its geographic diversity with the appointment of two directors whose careers include significant leadership

experience with major non-U.S. customers and who reside in Asia.

Regarding tenure, the Board believes that new perspectives and ideas are important to a forward-looking and strategic board as is the ability to benefit from the valuable experience and familiarity of longer-serving directors. In line with the Board's pursuit of board refreshment and balanced tenure, including consideration of any resignations, the Board appointed two new directors within the last fiscal year, and has appointed 12 new directors in the last 10 years.

Prior to recommending the nomination of an incumbent non-employee director for reelection, the committee reviews the experiences, skills, and qualifications of the director to assess the continuing relevance of his or her experiences, skills, and qualifications to those considered necessary or desirable for the Board at that time.

To be nominated, a new or incumbent candidate must provide an irrevocable conditional resignation that will be effective upon (1) the director's failure to receive the required majority vote at an annual meeting at which the nominee faces re-election and (2) the Board's acceptance of such resignation. In addition, no director, after having attained the age of 75 years, may be nominated for re-election or reappointment to the Board.

*Nomination procedure.* The nominating and governance committee identifies, screens, evaluates, and recommends qualified candidates for appointment or election to the Board. The committee considers recommendations from a variety of sources, including search firms, Board members, executive officers, and stockholders. Nominations for election by the stockholders are made by the independent members of the Board. See *Voting Proposals Proposal No. 1: Election of Directors 2017 Nominees for Director* below for additional information regarding the 2017 candidates for election to the Board.

Certain provisions of our bylaws apply to the nomination or recommendation of candidates by a stockholder. For example, in February 2017, the Board amended and restated our bylaws to provide that under certain circumstances, a stockholder, or group of up to 20 stockholders, who have maintained continuous ownership of at least three percent (3%) of our common stock for at least three years may nominate and include a specified number of director nominees in our annual meeting proxy statement that cannot exceed the greater of two or 20% of the aggregate number of directors then serving on the Board (rounded down). Information regarding the nomination procedure is provided in the *Voting and Meeting Information Other Meeting Information Stockholder-Initiated Proposals and Nominations for 2018 Annual Meeting* section below.

## **Table of Contents**

### **Director Independence Policies**

*Board independence requirements.* Our corporate governance guidelines require that a majority of the Board members be independent. No director will qualify as independent unless the Board affirmatively determines that the director qualifies as independent under the Nasdaq rules and has no relationship that would interfere with the exercise of independent judgment as a director. In addition, no non-employee director may serve as a consultant or service provider to the Company without the approval of a majority of the independent directors (and any such director's independence must be reassessed by the full Board following such approval).

*Board member independence.* The Board has determined that all current directors, other than Messrs. Anstice and Newberry, are independent in accordance with Nasdaq criteria for director independence.

*Board committee independence.* All members of the Board's audit, compensation, and nominating and governance committees must be non-employee or outside directors and independent in accordance with applicable Nasdaq criteria as well as, in the case of the compensation committee, applicable rules under section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code, and Rule 16b-3 of the Securities Exchange Act of 1934, as amended, or the Exchange Act. See *Board Committees* below for additional information regarding these committees.

*Lead independent director.* Our corporate governance guidelines authorize the Board to designate a lead independent director from among the independent members. Mr. Talwalkar was appointed the lead independent director, effective August 27, 2015. See *Leadership Structure of the Board* below for information regarding the responsibilities of the lead independent director.

*Executive sessions of independent directors.* The Board and its audit, compensation, and nominating and governance committees hold meetings of the independent directors and committee members, without management present, as part of each regularly scheduled meeting and at any other time at the discretion of the Board or committee, as applicable.

*Board access to independent advisors.* The Board as a whole, and each standing Board committee separately, has the complete authority to retain, at the Company's expense, and terminate, in their discretion, any independent consultants, counselors, or advisors as they deem necessary or appropriate to fulfill their responsibilities.

*Board education program.* Our corporate governance guidelines provide that directors are expected to participate in educational events sufficient to maintain their understanding of their duties as directors and to enhance their ability to fulfill their responsibilities. In addition to any external educational

opportunities that the directors find useful, the Company and the board leadership are expected to facilitate such participation by arranging for appropriate educational presentations from time to time.

### **Leadership Structure of the Board**

The current leadership structure of the Board consists of a chairman and a lead independent director. The chairman, Mr. Newberry, served as chief executive officer of the Company from June 2005 to January 2012. The Board believes that this is the appropriate board leadership structure at this time. Lam and its stockholders benefit from having Mr. Newberry as its chairman, as he brings to bear his experience as CEO as well as his other qualifications in carrying out his responsibilities as chairman, which include (1) preparing the agenda for the Board meetings with input from the CEO, the Board, and the committee chairs; (2) upon invitation, attending meetings of any of the Board committees on which he is not a member; (3) conveying to the CEO, together with the chair of the compensation committee, the results of the CEO's performance evaluation; (4) reviewing proposals submitted by stockholders for

action at meetings of stockholders and, depending on the subject matter, determining the appropriate body, among the Board or any of the Board committees, to evaluate each proposal and making recommendations to the Board regarding action to be taken in response to such proposal; (5) performing such other duties as the Board may reasonably request from time to time; and (6) providing reports to the Board on the chairman's activities under his agreement. The Company and its stockholders also benefit from having a lead independent director to provide independent board leadership. The lead independent director is responsible for: (1) coordinating the activities of the independent directors; (2) consulting with the chairman regarding matters such as (a) schedules of and agendas for Board meetings, (b) the quality, quantity, and timeliness of the flow of information from management, and (c) the retention of consultants who report directly to the Board; and (3) developing the agenda for and moderating executive sessions of the Board's independent directors.

### **Other Governance Practices**

In addition to the principal policies and procedures described above, we have established a variety of other practices to enhance our corporate governance, including the following:

*Board and committee assessments.* Every year, the Board conducts a self-evaluation of the Board, its committees, and the individual directors, overseen by the nominating and governance committee and generally led by the lead independent director and the chairman of the Board. From time to time, the evaluation is facilitated by an independent third-party consultant. The evaluation solicits the opinions of the directors regarding the effectiveness of the Board, committees, and individual directors in fulfilling its/their

*Continues on next page* <sup>u</sup>

## **Table of Contents**

obligations. Feedback on Board and committee effectiveness is provided to the full Board for discussion, and feedback regarding individual director performance is provided to each individual director. The Board and committees identify and hold themselves accountable for any action items stemming from the assessment. The results of the evaluations are also considered as part of the director nomination process.

*Director resignation or notification of change in executive officer status.* Under our corporate governance guidelines, any director who is also an executive officer of the Company must offer to submit his or her resignation as a director to the Board if the director ceases to be an executive officer of the Company. The Board may accept or decline the offer, in its discretion. The corporate governance guidelines also require a non-employee director to notify the nominating and governance committee if the director changes or retires from his or her executive position at another company. The nominating and governance committee reviews the appropriateness of the director's continuing Board membership under the circumstances, and the director is expected to act in accordance with the nominating and governance committee's recommendations.

*Limitations on other board and committee memberships.* Board members may not serve on more than four public company boards (including service on the Company's Board). Non-employee directors who are sitting executives may not serve on more than three public company boards (including the Company's Board). The nominating and governance committee will review the appropriateness of continued Board membership if a non-employee director who is a sitting executive serves on more than two such boards, and the director is expected to follow the recommendation of the nominating and governance committee. In addition, non-employee directors may not serve on more than three audit committees of public company boards (including the Company's audit committee).

*Director and executive stock ownership.* Under the corporate governance guidelines, each director is expected to own at least the lesser of five times the value of the annual cash retainer (not including any committee chair or other supplemental retainers for directors) or 5,000 shares of Lam common stock, by the fifth anniversary of his or her initial election to the Board. Guidelines for stock ownership by designated members of the executive management team are described below under *Compensation Matters - Executive Compensation and Other Information - Compensation Discussion and Analysis*. All of our directors and designated members of our executive management team were in compliance with the Company's applicable stock ownership guidelines at the end of fiscal year 2017 or have a period of time remaining under the program to do so.

*Communications with Board members.* Any stockholder who wishes to communicate directly with the Board, with any Board committee, or with any individual director regarding the

Company may write to the Board, the committee, or the director c/o Secretary, Lam Research Corporation, 4650 Cushing Parkway, Fremont, California 94538. The Secretary will forward all such communications to the appropriate director(s).

Any stockholder, employee, or other person may communicate any complaint regarding any accounting, internal accounting control, or audit matter to the attention of the Board's audit committee by sending written correspondence by mail (to Lam Research Corporation, Attention: Board Audit Committee, P.O. Box 5010, Fremont, California 94537-5010) or by telephone (855-208-8578) or internet (through the Company's third-party provider website at [www.lamhelpline.ethicspoint.com](http://www.lamhelpline.ethicspoint.com)). The audit committee has established procedures to ensure that employee complaints or concerns regarding audit or accounting matters will be received and treated anonymously (if the complaint or concern is submitted anonymously and permitted under applicable law).

## **Meeting Attendance**



Our Board held a total of six meetings during fiscal year 2017. The number of committee meetings held is shown in Figure 6. All of the directors attended at least 75% of the aggregate number of Board meetings and meetings of Board committees on which they served during their tenure in fiscal year 2017, with the exception of Mr. Cannon due to medical reasons. We expect his attendance going forward to be consistent with prior years.

We expect our directors to attend the annual meeting of stockholders each year unless unusual circumstances make attendance impractical. All but one of the individuals who were directors as of the 2016 annual meeting of stockholders attended that meeting.

### Board Committees

The Board has three standing committees: an audit committee, a compensation committee, and a nominating and governance committee. The purpose, membership, and charter of each are described below.

**Figure 6. Committee Membership**

Current Committee Memberships			Nominating and Governance
Name	Audit	Compensation	
Eric K. Brandt	Chair		
Michael R. Cannon	x		x
Youssef A. El-Mansy		x	
Christine A. Heckart	x		
Catherine P. Lego		Chair	x
Abhijit Y. Talwalkar		x	Chair
<b>Total Number of Meetings Held in FY2017</b>	<b>9</b>	<b>6</b>	<b>4</b>

## **Table of Contents**

*Audit committee.* The purpose of the audit committee is to oversee the Company's accounting and financial reporting processes and the audits of our financial statements, including the system of internal controls. As part of its responsibilities, the audit committee reviews and oversees the potential conflict of interest situations, transactions required to be disclosed pursuant to Item 404 of Regulation S-K of the SEC, and any other transaction involving an executive or Board member. A copy of the audit committee charter is available on the Investors section of our website at <http://investor.lamresearch.com/corporate-governance.cfm>.

The Board concluded that all audit committee members are non-employee directors who are independent in accordance with the Nasdaq listing standards and SEC rules for audit committee member independence and that each audit committee member is able to read and understand fundamental financial statements as required by the Nasdaq listing standards. The Board also determined that Messrs. Brandt and Cannon (both members of the committee) are each, and Messrs. Anstice, Newberry, and Talwalkar and Ms. Lego (members of the Board) each qualify as, an audit committee financial expert as defined in the SEC rules.

*Compensation committee.* The purpose of the compensation committee is to discharge certain responsibilities of the Board relating to executive compensation; to oversee incentive, equity-based plans, and other compensatory plans in which the Company's executive officers and/or directors participate; and to produce an annual report on executive compensation for inclusion as required in the Company's annual proxy statement. The compensation committee is authorized to perform the responsibilities of the committee referenced above and described in the charter. A copy of the compensation committee charter is available on the Investors section of our website at <http://investor.lamresearch.com/corporate-governance.cfm>.

The Board concluded that all members of the compensation committee are non-employee directors who are independent in accordance with Rule 16b-3 of the Exchange Act and the Nasdaq criteria for director and compensation committee member independence and who are outside directors for purposes of section 162(m) of the Code.

*Nominating and governance committee.* The purpose of the nominating and governance committee is to identify individuals qualified to serve as members of the Board of the Company, to recommend nominees for election as directors of the Company, to oversee self-evaluations of the Board's performance, to develop and recommend corporate governance guidelines to the Board, and to provide oversight with respect to corporate governance. A copy of the nominating and governance committee charter is available on the Investors section of our website at <http://investor.lamresearch.com/corporate-governance.cfm>.

The Board concluded that all nominating and governance committee members are non-employee directors who are independent in accordance with the Nasdaq criteria for director independence.

The nominating and governance committee will consider for nomination persons properly nominated by stockholders in accordance with the Company's bylaws and other procedures described below under *Voting and Meeting Information Other Meeting Information Stockholder-Initiated Proposals and Nominations for 2018 Annual Meeting*. Subject to then-applicable law, stockholder nominations for director will be evaluated by the Company's nominating and governance committee in accordance with the same criteria as is applied to candidates identified by the nominating and governance committee or other sources.

## **Board's Role and Engagement**

*General.* The Board directs and oversees the management of the business and affairs of the Company. In this oversight role, the Board serves as the ultimate decision-making body of the Company, except for those matters

reserved for the stockholders.

The Board and its committees have the primary responsibilities of:

discussing, reviewing, monitoring and approving the Company's business strategies, capital allocation plans/priorities, annual operating plan, and major corporate actions as set forth below;

- A strategic plan is presented to the Board for discussion on an annual basis, and updates are presented at each quarterly Board meeting.
- An operating plan is presented to the Board for discussion on an annual basis, and updates are presented at each quarterly Board meeting.
- Capital allocation plans and priorities are discussed on a quarterly basis.
- Major corporate actions are presented and discussed as part of strategic plan updates and as special agenda topics, as appropriate.

appointing, evaluating the performance of, and approving the compensation of the CEO;

reviewing with the CEO the performance of the Company's executive officers and approving their compensation;

reviewing and approving CEO and top leadership succession planning;

advising and mentoring the Company's senior management;

overseeing the Company's internal controls over financial reporting and disclosure controls and procedures;

overseeing the Company's ethics and compliance programs, including the Company's code of ethics; and

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## Table of Contents

overseeing the Company's enterprise risk management processes and programs, described in further detail below. *Risk oversight.* The Board is actively engaged in risk oversight. Management regularly reports to the Board on its risk assessments and risk mitigation strategies for the major risks of our business. Generally, the Board exercises its oversight responsibility directly; however, in specific cases, such responsibility has been delegated to committees of the Board. Committees that have been charged with risk oversight regularly report to the Board on those risk matters within their areas of responsibility. Risk oversight responsibility has been delegated to committees of the Board as set forth below.

Our audit committee oversees risks related to the Company's accounting and financial reporting, internal controls, and the auditing of our annual financial statements. The audit committee also oversees risks related to our independent registered public accounting firm, our internal audit function, and our related party transactions.

Our compensation committee oversees risks related to the Company's equity, and executive compensation programs and plans.

Our nominating and governance committee oversees risks related to director independence, Board and Board committee composition, and CEO succession planning.

## Director Compensation

Our director compensation is designed to attract and retain high-caliber directors and to align director interests with those of stockholders. Director compensation is reviewed and determined annually by the Board (in the case of Messrs. Newberry and Anstice, by the independent members of the Board), upon recommendation from the compensation committee. Non-employee director compensation (including the compensation of Mr. Newberry, who is currently our non-employee chairman) is described below. Mr. Anstice, whose compensation as CEO is described below under *Compensation Matters – Executive Compensation and Other Information – Compensation Discussion and Analysis*, does not receive additional compensation for his service on the Board.

*Non-employee director compensation.* Non-employee directors receive annual cash retainers and equity awards. The chairman of the Board, committee chairs, the lead independent director, and committee members receive additional cash retainers. Non-employee directors who join the Board or a committee midyear receive pro-rated cash retainers and equity awards, as applicable. Our non-employee director compensation program is based on service during the calendar year; however, SEC rules require us to report compensation in this proxy statement on a fiscal-year basis. Cash compensation paid to non-employee directors for the fiscal year ended June 25, 2017, together with the annual cash compensation program components in effect for calendar years 2016 and 2017, is shown in the table below.

**Figure 7. Director Annual Retainers**

	Calendar Year 2017	Calendar Year 2016	Fiscal Year 2017
Annual Retainers	(\$)	(\$)	(\$)
Non-employee Director	65,000	65,000	65,000

Lead Independent Director	22,500	22,500	22,500
Chairman	160,000	280,000	220,000
Audit Committee Chair	30,000	30,000	30,000
Audit Committee Member	12,500	12,500	12,500
Compensation Committee Chair	20,000	20,000	20,000
Compensation Committee Member	10,000	10,000	10,000
Nominating and Governance Committee Chair	15,000	15,000	15,000
Nominating and Governance Committee Member	5,000	5,000	5,000

Each non-employee director also receives an annual equity grant on the first Friday following the annual meeting with a targeted grant date value equal to \$200,000 (the number of RSUs subject to the award is determined by dividing \$200,000 by the closing price of a share of Company common stock as of the date of grant, rounded down to the nearest 10 shares). These grants generally vest on October 31 in the year following the grant and are subject to the terms and conditions of the Company's 2015 Stock Incentive Plan, as amended, or the 2015 Plan, and the applicable award agreements. These grants immediately vest in full: (1) if a non-employee director dies or becomes subject to a disability (as determined pursuant to the 2015 Plan), (2) upon the occurrence of a Corporate Transaction (as defined in the 2015 Plan), or (3) on the date of the annual meeting if the annual meeting during the year in which the award was expected to vest occurs prior to the vest date and the non-employee director is not re-elected or retires or resigns effective immediately prior to the annual meeting. Non-employee directors who

**Table of Contents**

commence service after the annual award has been granted receive on the first Friday following the first regularly scheduled, quarterly Board meeting attended a pro-rated grant based on the number of regularly scheduled, quarterly Board meetings remaining in the year as of the effective date of the director's appointment. The pro-rated grants are subject to the same vesting schedule, terms and conditions as the annual equity awards, except that if the award is granted on the first Friday following the regularly scheduled quarterly November Board meeting, the grant vests immediately.

On November 11, 2016, Dr. Tsai, who was appointed to the Board effective September 13, 2016, received a pro-rated grant of 510 RSUs for service during calendar year 2016 that vested immediately.

On November 11, 2016, each director other than Mr. Anstice and Dr. Koh, who was appointed a director on May 10, 2017, received a grant of 2,050 RSUs for service during calendar year 2017.

On May 12, 2017, Dr. Koh, who was appointed to the Board effective May 10, 2017, received a pro-rated grant of 1,000 RSUs for service during calendar year 2017.

Unless there is an acceleration event, these RSUs granted to each current director for service during calendar year 2017 will vest in full on October 31, 2017, subject to the director's continued service on the Board.

*Chairman compensation.* Mr. Newberry, who served as vice-chairman from December 7, 2010 to November 1, 2012 and since such date has served as chairman, has a chairman's agreement documenting his responsibilities, described above under *Governance Matters Corporate Governance Leadership Structure of the Board*, and compensation. Mr. Newberry entered into a chairman's agreement with the Company commencing on January 1, 2017, and expiring on December 31, 2017, subject to the right of earlier termination in certain circumstances and a one-year extension upon mutual written agreement of the parties. The agreement provides that Mr. Newberry will serve as chairman (and not as an employee or officer) and in addition to his regular compensation as a non-employee director, he receives an additional cash retainer of \$160,000 on the same date.

Mr. Newberry was eligible to participate through 2014 in the Company's Elective Deferred Compensation Plan that is generally applicable to executives of the Company, subject to the general terms and conditions of such plan. He continues to maintain a balance in the plan until he no longer performs service for the Company as a director but is no longer eligible to defer any compensation into the plan.

The following table shows compensation for fiscal year 2017 for persons serving as directors during fiscal 2017 other than Mr. Anstice:

**Figure 8. FY2017 Director Compensation**

Director Compensation for Fiscal Year 2017			
Fees Earned or Paid in Cash (\$)	Stock Awards (\$) <sup>(1)</sup>	All Other Compen- sation (\$) <sup>(2)</sup>	Total (\$)

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Stephen G. Newberry	225,000 <sup>(6)</sup>	197,415 <sup>(3)</sup>	26,275	448,690
Eric K. Brandt	95,000 <sup>(7)</sup>	197,415 <sup>(3)</sup>		292,415
Michael R. Cannon	82,500 <sup>(8)</sup>	197,415 <sup>(3)</sup>		279,915
Youssef A. El-Mansy	75,000 <sup>(9)</sup>	197,415 <sup>(3)</sup>	26,275	298,690
Christine A. Heckart	77,500 <sup>(10)</sup>	197,415 <sup>(3)</sup>		274,915
Young Bum (YB) Koh	48,750 <sup>(11)</sup>	148,690 <sup>(4)</sup>		197,440
Catherine P. Lego	90,000 <sup>(12)</sup>	197,415 <sup>(3)</sup>	25,012	312,427
Krishna C. Saraswat <sup>(13)</sup>				
Abhijit Y. Talwalkar	112,500 <sup>(14)</sup>	197,415 <sup>(3)</sup>		309,915
Lih Shyng (Rick L.) Tsai	81,250 <sup>(15)</sup>	247,135 <sup>(3),(5)</sup>		328,385

- (1) The amounts shown in this column represent the grant date fair value of unvested RSU awards granted during fiscal year 2017 in accordance with Financial Accounting Standards Board Accounting Standards Codification 718, Compensation – Stock Compensation, or ASC 718. However, pursuant to SEC rules, these values are not reduced by an estimate for the probability of forfeiture. The assumptions used to calculate the fair value of the RSUs in fiscal year 2017 are set forth in Note 4 to the Consolidated Financial Statements of the Company’s Annual Report on Form 10-K for the fiscal year ended June 25, 2017.
- (2) Represents the portion of medical, dental, and vision premiums paid by the Company.
- (3) On November 11, 2016, each non-employee director who was on the board received an annual grant of 2,050 RSUs based on the \$97.49 closing price of Lam’s common stock and the target value of \$200,000, rounded down to the nearest 10 shares.
- (4) On May 12, 2017, Dr. Koh received a prorated annual grant of 1,000 RSUs based on the \$149.58 closing price of Lam’s common stock and the target value of \$150,000, rounded down to the nearest 10 shares.
- (5) On November 11, 2016, Dr. Tsai received a prorated annual grant of 510 RSUs based on the \$97.49 closing price of Lam’s common stock and the target value of \$50,000, rounded down to the nearest 10 shares.
- (6) Mr. Newberry received \$225,000, representing his \$160,000 chairman retainer and \$65,000 annual retainer as a director.
- (7) Mr. Brandt received \$95,000, representing his \$65,000 annual retainer and \$30,000 as the chair of the audit committee.
- (8) Mr. Cannon received \$82,500, representing his \$65,000 annual retainer, \$12,500 as a member of the audit committee, and \$5,000 as a member of the nominating and governance committee.
- (9) Dr. El-Mansy received \$75,000, representing his \$65,000 annual retainer and \$10,000 as a member of the compensation committee.

<sup>(10)</sup> Ms. Heckart received \$77,500, representing her \$65,000 annual retainer and \$12,500 as a member of the audit committee.

*Continues on next page* <sup>u</sup>

Lam Research Corporation 2017 Proxy Statement 13



**Table of Contents**

- (11) Dr. Koh received \$48,750 representing his partial year annual retainer as a director.
- (12) Ms. Lego received \$90,000, representing her \$65,000 annual retainer, \$20,000 as the chair of the compensation committee, and \$5,000 as a member of the nominating and governance committee.
- (13) Dr. Saraswat resigned from his board membership effective November 7, 2016. All payments to Dr. Saraswat for the relevant fiscal year were paid in the prior fiscal year period.
- (14) Mr. Talwalkar received \$112,500, representing his \$65,000 annual retainer, \$22,500 as lead independent director, \$10,000 as a member of the compensation committee, and \$15,000 as the chair of the nominating and governance committee.
- (15) Dr. Tsai received \$81,250 representing his \$65,000 annual retainer, and \$16,250 representing his partial year annual retainer for calendar year 2016.

*Other benefits.* Any members of the Board enrolled in the Company's health plans on or prior to December 31, 2012, can continue to participate after retirement from the Board in the Company's Retiree Health Plans. The Board eliminated this benefit for any person who became a director after December 31, 2012. The most recent valuation of the Company's accumulated post-retirement benefit obligation under Accounting Standards Codification 715, *Compensation-Retirement Benefits*, or ASC 715, as of June 25, 2017, for eligible former directors and the current directors who may become eligible is shown below. Factors affecting the amount of post-retirement benefit obligation include age at enrollment, age at retirement, coverage tier (e.g., single, plus spouse, plus family), interest rate, and length of service.

**Figure 9. FY2017 Accumulated Post-Retirement Benefit Obligations**

<b>Director Compensation for Fiscal Year 2017</b>	
<b>Name</b>	<b>Accumulated Post-Retirement Benefit Obligation, as of June 25, 2017</b>
	(\$)
Stephen G. Newberry	918,000
Eric K. Brandt	
Michael R. Cannon	
Youssef A. El-Mansy	627,000
Christine A. Heckart	
Young Bum (YB) Koh	
Catherine P. Lego	526,000

Krishna C. Saraswat  
Abhijit Y. Talwalkar